

GEORGE R. ARIYOSHI
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES

P. O. BOX 119
HONOLULU, HAWAII 96810-0119

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Dept. of Transportation (2)
TOP'S OFFICE

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MIKE N. TOKUNAGA
DEPUTY COMPTROLLER

MEMORANDUM 1986-33

TO: Heads of Departments and Agencies
ATTN.: Fiscal Offices
FROM: Hideo Murakami, Comptroller
SUBJECT: Stop-Payment Actions on State Warrants

This memorandum is to inform your fiscal staff on an aspect of the State's stop-payment process relating to treasury warrants. This aspect of the process is the waiting period between placement of a stop-payment on an original warrant and issuance of the duplicate warrant to replace the original.

Prior to this fiscal year, there was a waiting period of approximately two weeks, after determining that an original warrant was outstanding, to allow bank clearance of the original warrant. This waiting period was based on several operational factors, the main one of which was that the original warrant would sometimes be found during the period and could be cashed immediately by the payee without the delay of obtaining a duplicate warrant.

Since the beginning of this fiscal year, in connection with other warrant processing changes, we have been experimenting with variations in the waiting period of a stop-payment action. The result is that the following changes are now being made with regard to stop-payment actions:

- (1) When a department or agency requests stop-payment on a treasury warrant, we will research our files in the usual manner to determine whether the warrant has been cashed. If the warrant has not been cashed, we will immediately issue a stop-payment to the State Treasury.

- (2) Without waiting for two weeks under the prior procedure, we will proceed with issuing a duplicate warrant, which usually requires about three working days after placement of the stop-payment on the original warrant.
- (3) If the payee of a warrant on which a stop-payment has been requested should inform the expending department or agency that the original warrant has been found, the department or agency must tell the payee not to cash the original warrant, but rather to return the original warrant to the State. If the payee should nevertheless cash the original warrant (either inadvertently or on purpose), it will be rejected by the State Treasury automatically.

Once these procedural changes are familiar to department and agency staff involved in such procedures, we believe the results of the changes will be beneficial to all parties involved in stop-payment actions. The changes are effective currently.


HIDEO MURAKAMI
Comptroller